



Florida House of Representatives

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This morning the House Appropriations Council received a briefing on the outlook for the current and upcoming budgets. While the numbers have changed somewhat, the outlook remains the same: Florida's budget situation remains challenging.

- The state's beginning general revenue balance is estimated to be up \$340 million in the next fiscal year since the last update in October. Unfortunately, costs for state services are expected to rise even more.
- Falling property values and increased student enrollment across the state have reduced the dollars available for K-12 education. Funding schools next year at the same level as this year will require an additional \$400 million for Fiscal Year 2010-11.
- Florida's Medicaid costs are rising. In fact, current estimates are over \$200 million higher than they were just 4 months ago.
- In total, current estimates for the state's essential needs have grown by \$592 million since the September 2009 estimates.
- Looking beyond what are considered essential budget issues, cost estimates have risen by over \$1 billion during the past four months.
- The estimated shortfall in the 2010-11 budget on essential issues is now estimated to be nearly \$1.1 billion.
- When other budget items are added, that potential shortfall increases to \$3.2 billion. That is an increase of \$581.7 million over September's estimates.
- It is also worth noting that these numbers do not include any budget reserves. In addition to being prudent to maintain adequate reserves, bond experts have told us that the state should maintain a reserve of at least 5% to help preserve Florida's top-level bond rating.

These numbers mean that we will continue to have to make tough choices in preparing the upcoming budget. Chairman Rivera laid out a budget prioritization plan this morning to create

a member-driven, transparent process that the House will follow as we begin to examine the budget for 2010-11.

This is a fiscally responsible approach to budgeting in tough economic times. We are not Washington; we are constitutionally obligated to balance our budget. We aren't California or New York; we are going to confront our challenges rather than pushing them off and making the problems even worse.

Over the past three years we have reduced the state budget by over \$7 billion. We have made the tough choices required to balance our budget, even in the face of partisan political attacks. As we work to meet the budget challenges we face this year, we will continue to be fiscally responsible with the taxpayers' dollars, and we will continue to live within our means.

Our top priority remains recharging Florida's economy and getting Floridians back to work. We will balance our budget with that focus in mind.

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